

EX PARTE OR LATE FILED

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April 1, 1994

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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APR 1 '94

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Re: Ex Parte Presentation -- ET Docket No. 93-7,
Implementation of Section 17 of the Cable Television
Consumer Protection and Competition Act of 1992
(Compatibility Between Cable Systems and Consumer
Electronics Equipment)

Dear Secretary Caton:

Pursuant to 47 C.F.R. § 1.1206(a)(1), we are enclosing
herewith for inclusion in the public record two copies each of ex
parte letters we sent today to Chairman Hundt and Commissioners
Barrett and Quello in connection with the matter noted above.


We are also enclosing a third copy of each letter to be date
stamped and returned with the messenger for our files.

Thank you for your assistance with this matter.

Respectfully submitted,

CONSUMER FEDERATION OF AMERICA

HOME RECORDING RIGHTS COALITION


By: Bradley Stillman, Esq.
Legislative Counsel


By: Ruth C. Rodgers
Executive Director

Enclosures

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April 1, 1994

Commissioner James H. Quello
Federal Communications Commission
1919 M Street, N.W., Room 802
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SECRETARY

Re: Ex Parte Presentation -- ET Docket No. 93-7,
Implementation of Section 17 of the Cable Television
Consumer Protection and Competition Act of 1992
(Compatibility Between Cable Systems and Consumer
Electronics Equipment)

Dear Commissioner:

As you engage in final deliberations on regulations for assuring compatibility between consumer electronics equipment and cable systems, the Consumer Federation of America ("CFA") and the Home Recording Rights Coalition ("HRRRC") respectfully offer the following brief comments for your consideration. Pursuant to 47 C.F.R. § 1.1206(a)(1), two copies of this letter are being submitted simultaneously herewith under separate cover to the Commission's Acting Secretary for inclusion in the public record.

The CFA and HRRRC previously submitted formal written comments in this proceeding which discuss our concerns in more detail, including joint Reply Comments filed on February 16, 1994 regarding the Commission's December 1, 1993 Notice of Proposed Rulemaking. We respectfully urge the Commission to consider those Comments in full. Here, we attempt only to summarize our major concerns.

Our primary goal is this: to eliminate the cable monopoly over set-top boxes. To the extent that integrated set-top (or set-back) boxes are necessary or desired, this proceeding should foster an open market for these consumer devices, both as separate set-top devices and integrated into television sets and VCRs. As cable and other providers introduce a new generation of communications services, it is more important than ever to ensure a competitive environment for consumer equipment.

We are troubled that the cable industry is using signal security as a pretext to preserve its monopoly over set-top boxes that tie-in functions beyond signal security. Although the cable industry's concern over signal security is legitimate, its monopoly over multi-functional set-top or set-back boxes is not.

This proceeding should require cable providers to segregate the signal security function into isolated devices or software, so that all other features and functions can be provided in competitive consumer equipment. As discussed in our February 16, 1994 joint Reply Comments, filings by other parties in this proceeding demonstrate that such de-integration is feasible.

With new cable-ready television sets and VCRs, set-top boxes should be unnecessary. For cable subscribers with existing TVs and VCRs, set-top boxes may serve functions other than security, such as improved tuning or frequency conversion. Moreover, set-top boxes soon may be used to upgrade existing equipment to provide new digital decompression and digital conversion, as well as advanced features (e.g., program guides, on-screen displays, interactive services). These non-security devices should be available on the open market -- not controlled by cable providers -- so consumers can select the special features, functions, and equipment they want to procure, and from whom.

Indeed, section 17(c)(2)(C) of the Cable Television Consumer Protection and Competition Act of 1992 requires the Commission to prescribe regulations necessary "to promote the commercial availability, from cable operators and retail vendors that are not affiliated with cable systems, of converter boxes and of remote control devices compatible with converter boxes." 47 U.S.C. § 544a(c)(2)(C) (emphasis added).

To avert a continued cable monopoly over the set-top box, we urge the Commission to adopt regulations that encourage migration of non-security functions into competitive consumer equipment. Specifically, we suggest the following:

- Separate Security from Non-Security Functions. Commission regulations should require cable providers that supply customer premises devices for signal security purposes to offer a de-integrated security-only device. If the security function is segregated, other features and functions can be offered by the competitive consumer electronics market, either as separate set-top/set-back devices or eventually integrated into television sets and VCRs.
- No New Scrambling. Strict controls on scrambling will protect many cable subscribers from cable-imposed descrambling devices. Commission regulations should prohibit scrambling of any basic or expanded basic channels that were sent in the clear as of the date of passage of the 1992 Cable Act. Proponents of expanded scrambling must bear the burden of demonstrating, in a proceeding open to public comment, the existence of (i) new and substantial piracy and (ii) no feasible security alternative to justify scrambling for each basic or expanded basic channel at issue.

Commissioner Quello
April 1, 1994
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In sum, we respectfully urge the Commission to foster a competitive environment and expand consumer choice over cable and video equipment. The cable equipment market, like the telephone and computer markets, should permit consumers to go to several competing suppliers and compare prices and product features; then, consumers freely and intelligently can select their in-home equipment. An open system will spur product innovation and ultimately will best serve consumer interests.

Respectfully submitted,

CONSUMER FEDERATION OF AMERICA

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